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ABSTRACT

One principal set of obstacles preventing public education from having shown more progress in realizing the national objective of equal educational opportunity has to do with the way schools are financed. Resolving problems of school finance is, U.S. Commissioner of Education Allen says, an absolute essential in achieving equal opportunity. Some national school financial data are given in this speech. The role of the Federal and State governments in solving schools' financial problems is clarified, and the great need for a comprehensive, purposeful plan for financial support of public education is underscored. Allen stressed the importance of developing new measures of educational productivity, of what children learn, to help gain financial support from the public. (NH)

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THE FEDERAL ROLE IN EDUCATION REFORM*

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U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
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It is a pleasure and an honor to address the National Committee for Support of the Public Schools. The record of your organization in the past decade is the epitome of that uniquely American institution, the voluntary association of citizens, unselfishly pursuing a common civic cause. I hope you will pardon my professional parochialism when I say that there is no cause more vital to this Nation's future than the cause to which you are dedicated, the support of public education.

But our common commitment to public education is under severe challenge today. To a certain extent this challenge is based on the harsh realities of American life that concern us all -- the difficulty of eradicating poverty, the persistence of racial segregation, the social cancer of disadvantagement at the decaying heart of our greatest cities. Amidst unprecedented prosperity, there is hunger; amidst unprecedented opportunity, there is discrimination; amidst universal education, there is illiteracy.

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The American people have an enormous reservoir of faith in the capacity of their public schools to solve social problems. This faith was signally manifested during the 1960's by the dependence upon the schools to deal with the millions of children of the Nation newly recognized as educationally disadvantaged. Schools were caught up in a frenzy of new demands for desegregation, for compensatory programs, for "Head Start" and "Follow Through." In short, schools were asked to provide the educational conditions that would assure that all students would enter the adult world on an equal footing regardless of their family's social and economic status.

This obligation of education had never before been so widely acknowledged and efforts to meet it had never been made on such a vast scale. Disadvantaged children who had not previously finished high school were now expected not only to finish, but to have achievement records comparable to those for whom traditionally the schools had been more successful.

The history of the 1960's will include the stories of thousands of educators and concerned citizens who labored valiantly to help the schools meet the new demands. In many respects they succeeded: dropout rates declined; early childhood education programs increased;

many schools did desegregate; significant gains in quality occurred; vast increases in revenues were realized. But on balance we have not met the new challenges -- indeed in some areas such as our inner cities we have retrogressed -- and the hardest problems still lie ahead of us.

There are many reasons that can be cited as to why public education has not shown better progress in realizing the national objective of equal educational opportunity. One principal set of obstacles has to do with the way schools are financed. Resolving problems of school finance is an absolute essential in achieving equal educational opportunity. Because these problems have been very much on my mind lately, and because I suspect you have also been giving them some thought, I would like to concentrate my remarks today on this area.

At the outset let me assert my deeply held conviction that schools are both inadequately and inequitably financed at the present time. The most obvious fiscal problem of public education is that schools simply do not have enough money. The aggregate level of resources currently being allocated to public education is grossly inadequate when compared to legitimate demands for new and improved educational services. Several city school districts may be unable even to keep

schools open for this entire school year without substantial bank loans to help meet their payrolls.

Starving an institution for its' basic operating money is not likely to encourage it to undertake the daring reforms that are going to be necessary if we are to make measurable headway toward equal educational opportunity.

During the past ten years the number of children attending public schools increased from 34 million in 1959 to 45 million in 1969. During that same period total operating expenditures of public schools increased from $11.2 billion in current unadjusted dollars to $28.6 billion. On a per pupil basis, $696 was spent in 1969, compared to $358 in 1959 in current unadjusted dollars. Thus expenditures per pupil increased 94% between 1959 and 1969. During that same period, the cost of living increased 23.1%. As you can see, the costs of education rose much faster than the overall cost of living.

Now we must look ahead to a new decade. By 1979 we expect that 47 million children will be attending public schools in America. If past trends in educational costs are projected into the next decade, it is estimated that more than $11 billion per year of new dollars will be needed by 1979.

Data such as these leave the observer with little doubt that the basic operating costs of education, exclusive of expenditures for new approaches, are skyrocketing. If anything, an estimate based on the trends of the past ten years is probably conservative.

The estimates I have given you, for instance, assume no large scale influx of pupils to the public schools because of the closing of non-public schools, currently operating at an annual cost of nearly $5 billion. Yet realistic planning must allow for that contingency. Similarly, in the decade ahead, public education will be drawn more extensively into early childhood education programs, which, of course, will add large additional sums to education expenditures.

These trends have a number of serious implications for the future financing of American education. First, it is apparent that new revenue sources must be found. It is difficult to believe that citizens will allow, let alone annually approve by referendum, property tax rates twice as high as present levels, which in many areas already approach confiscatory rates. It is also difficult to believe that legislatures will vote sales taxes twice their present levels. Yet increases of that proportion will be required in sales and property tax rates unless new sources of State and local revenue are found, and unless substantial additional Federal aid for school operations is forthcoming.

Even if there were no other school finance problem than the scarcity of revenues, the President would have been fully justified in his recent decision to establish the President's Commission on School Finance. But the scarcity of new revenue is only the visible part of the iceberg of the school finance problems that face the Nation and the new Commission. On closer examination the relatively simple problem of the amount of resources turns out to be a combination of numerous overlapping and sometimes contradictory factors deeply imbedded in the intricate intergovernmental relations of our Federal system.

There is no way of escaping the central position that State governments occupy in the school finance area. States create local school districts and delegate to them the right to tax property; this strategy for financing education has led to many of the system's basic inequities and disparities, as is so vividly demonstrated when some districts are 5 to 10 times as wealthy on a per pupil basis as others. The property tax itself tends to be regressive and is subject to further inequities through archaic local assessment procedures in most States. Municipal overburden in large cities -- the added cost of public services required for the existence of urban centers -- is ignored in most school finance arrangements. Indeed, almost nowhere does

State aid for schools overcome the vast disparities in ability to support education that are created by the unequal tax resources available at the local level. (In New York State, for example, with which I am familiar, Westchester County receives more State aid dollars per pupil than does New York City.) States must take the leadership in reducing these fiscal inequities and in removing or liberalizing legal constraints affecting local school districts.

Then, there are problems flowing from the nature of Federal aid to schools. This aid is at present relatively small in volume, fragmented in structure, and difficult to administer in a coordinated manner. We are now in the position of making Federal policy about school finance without sufficiently accurate information both as to the disposition and the effect of the funds that are distributed. It is not always known, for example, exactly how much of the funds of a particular Federal program actually reach a particular school or school district or the particular target population. Similarly, there is no clear picture of the fiscal impact of Federal aid on particular types of districts, when the total of all Federal revenues of a local district are added, and compared, on a per pupil basis, with State and national data.

The truth is, we have no comprehensive, purposeful plan for the financial support of public education in this country. The pattern of finance as it now operates is a complex and confusing process that has evolved erratically over the years. It perpetuates inequalities in educational opportunity; it is unresponsive to changing needs; it encourages waste and inefficiency in planning and operation; and it is inequitable in its treatment of taxpayers, as well as children. These facts are well known; the time has come for major reforms in the methods of financing educational expenditures.

But these reforms in the methods of supporting public education cannot proceed in exclusion of a consideration of the effectiveness of the public education enterprise in meeting its goals and needs. In the past, the relationship of support to effectiveness has not been given sufficient weight in plans of finance. There has been a lack of hard data about the productivity of our schools, and their evaluation has thus been made more in terms of what goes into the process of education rather than its outcomes. This is obviously a serious barrier to sound financing of public education -- particularly in an era of both rising expectations and rising costs.

This is why in recent speeches I have stressed the importance of developing new measures of educational productivity, of what children learn. One of the principal assignments of the proposed new National Institute of Education is to take the lead in developing such measures.

The people have a right to be assured that the increasingly large investments in public education that will be called for will produce results. They can no longer be expected to be satisfied with definitions of school quality that focus primarily on such factors as per pupil expenditures, pupil-teacher ratios and teacher salary levels.

This new demand for performance accountability is observed not only in middle class suburbs, where parents are concerned primarily about college admissions for their children, but is also manifest with even greater urgency in urban ghettos where parents are demanding that schools teach their children to read and to acquire the skills for entering a worthy vocational career.

The problem with present arrangements is that there is too little factual basis for an understanding of the relationship between expenditures and performance in a school system. This lack of simple accountability hampers efforts to reform public education at all levels. The need to develop and support the procedures to permit accountability in public education is one of the most important tasks facing both

the President's Commission on School Finance and the proposed new National Institute of Education -- as well as the general public.

There should be a national dialogue about the school finance issues that will be considered by the President's Commission. While State and local government officials, educators, and citizens at large will be represented on the Commission, you will, I hope, make your views known to the Commission in the forceful and convincing manner which has characterized your past efforts.

I have tried to emphasize up to this point that there are fundamental inequities and inadequacies in fiscal arrangements for supporting public education, that this Administration acknowledges these inequities and inadequacies, and intends through its Commission on School Finance to develop policy proposals designed to correct the basic structural and system-wide flaws I have described.

In the meantime many schools face a fiscal crisis of major proportions. One element in that crisis is the fact of life that immediate large increases in Federal dollars are unlikely to occur under present conditions in the national economy and Federal budget. The President has correctly assigned a high priority to reducing the rate of inflation by keeping Federal expenditures under close control.

The President must also plan Federal expenditures in light of the multi-billion dollar tax cut voted recently by the Congress.

But the fact of inflation and tight fiscal policies cannot deny or mitigate the present urgent needs of education. Education is unique in that its needs have the immediacy of children now standing ready and waiting for their one-time opportunity for learning. These children cannot be placed in deep freeze to await more favorable educational or economic conditions. For them the time is now.

Trying to accommodate both these facts of life seems to indicate two appropriate courses of action. The first is to advance the priority of education in the national order of governmental action and thus gain for education a larger share of available funds -- a course to which I am unequivocally committed. The second is to set the house in order. It must be recognized that merely stating that we need more money for education is no longer going to produce it.

I would be less than candid if I did not emphasize that one of the problems we face in obtaining increased appropriations -- Federal, State and local -- is the widespread conviction that more dollars spent on the present public school system simply will not result in improved educational performance.

The President's recent Message on Education Reform stresses his view that improvements in the performance of the public schools are at present haphazardly conceived and implemented and that there is an urgent need for a more coordinated approach to research and development. To provide for this coordination and to expand and strengthen the role of R & D in education, the Administration has proposed the establishment of the National Institute of Education. Many other public and private agencies will, of course, contribute to overall research and development activities in education, including in particular the regional educational laboratories and university research and development centers established in 1965. But national leadership and perspective are needed to pull the strands together, to channel resources toward high priority areas such as reading, and to see to it that the results of successful experiments and demonstrations are effectively communicated throughout the education community.

Developments such as the President's Commission on School Finance and the proposed National Institute of Education indicate the possibility of a new era in the advancement of educational improvement. But this possibility cannot be realized without the active support of citizens. Reform by its very nature is never easy to achieve.

The kind of objectivity required is difficult for those who are in the midst of the action. Essential is the broader perspective of the non-professional and this emphasizes the importance of the citizen's role in continuing to demand change.

Now that basic reform has become a national objective, perhaps what I am seeking is a broader arena for citizen concern. While it is true that the real workings of change must finally take place in the classroom and in the day-by-day experience of the students, it is equally true that change cannot occur unless the necessary basic conditions exist. More and more these basic conditions are matters of national policy. It is, therefore, imperative that citizens make their voices heard on questions of national policy. In this connection, I would urge, for example, your vigorous support of the legislation which would establish the National Institute of Education, and your insistence that it be properly financed.

An adequate Federal share of monetary support for education is, of course, essential, but even more important in the Federal role is its leverage to lift the quality of educational performance throughout the Nation.

In conclusion, I would say therefore, at this juncture, one of the most valuable ways in which citizens can use their power to change the system is to acquire an understanding of the expanding Federal role in education and to take an active part in determining its direction and scope.